DEVELOPMENT, PANCHAYATI RAJ AND CO-OPERATION SECRETARIAT

Development of Co-operative Marketing in foodgrains – marketing of paddy and rice in the first instance – outright purchase of paddy/rice by the Co-operative Marketing Societies.

READ—

Government Order No. DRL 39 CCS 63, dated, the 16th February 1963.

PREAMBLE :—

The scheme of outright purchase of paddy which was sanctioned in the above Government Order, dated, the 16th February 1963, was reviewed at a meeting of the Chairmen of the Marketing Co-operative Societies, wherein it was unanimously agreed to continue the scheme of purchase of paddy during 1963–64 harvest also but as the prices were high the purchases should be made very carefully and should be linked with the consumers demand to ensure that the prices do not go unduly high and that the scheme may be continued subject to the following conditions :

(*a*) No Society Should invest more than 3 times its own funds at any one time in the purchase of paddy normally.

(*b*) Societies having processing units may invest up to 5 times its own funds at a time.

(*c*) The Society should purchase as far as possible from members and member Societies and agriculturists within its own jurisdiction and that Societies should not purchase normally from outside their jurisdiction without the specific sanction of the Registrar of Co-operative Societies.

(*d*) Marketing Society should purchase as far as possible through service Co-operatives with a view to implement the scheme of linking credit with marketing.

(*e*) The Marketing Societies should try to sell their stock of paddy preferably to consumers' Co-operative Societies. If Consumers' Societies do not come forward then only they may be at liberty to sell in the open market.

(*f*) Adequate storage arrangements should be made by the Societies undertaking, this business.

(*g*) A Sub-committee should be formed by each marketing, society to carefully watch the purchases made and the sales effected and ensure that the position of purchases and sales is reviewed at least once in a month.

(*h*) The intention of the scheme is to help the real grower and the consumer and not the middlemen or the big businessmen.

(*i*) That a price fluctuation fund may be formed and each purchasing Society should subscribe to this fund at the rate of 20 nP. per palla of paddy and 40 nP. per palla of rice purchased and the amount should be deposited in the District Central Co-operative Banks.

(*j*) That the profits earned should be set a part in a separate account after subscribing to the price fluctuation fund and where purchases were made at favourable rates as last year, after giving the bonus to the agriculturists from whom the paddy was purchased.

(*k*) It was also further agreed that the Societies which have received share capital contribution from Government during last season and which have not started work of paddy purchase should be asked to refund the amount with interest in case they do not make purchase during this year also.

ORDER No. DPC 375 CCS 63, DATED BANGALORE, THE 31ST JANUARY 1964 (MAGHA 11, SAKA ERA 1885).

2. Government have carefully considered the recommendations of the meeting and have decided to sanction the continuance of the scheme for the 1963-64 harvest also. To achieve the above objective the Government have decided that well-managed Co-operative Societies be given encouragement as under in order to help them to build up stocks of paddy and rice and to release the same to the Consumners at the proper time later on ;

(i) Special share capital contribution of Rs. 5 lakhs should be contributed by Government subject to the condition that the Registrar of Co-operative Societies should not sanction share capital contribution of more than Rs. 50,000 in all including the contribution, if any, made last year, to any one Co-operative Institution.

(ii) In the event of any Co-operative Society suffering any *bona fide* loss on account of variations in price of paddy and rice, etc., it may be given a subsidy not exceeding Rs. 2 per palla of paddy or Rs. 4 per palla of rice as an incentive subject to the condition that (i) the Society concerned should bear at least 10 percent of such loss; (ii) the total subsidy per palla on account of the losses to be

contributed by Government should not exceed Rs. 2 per palla of paddy or Rs. 4 per palla of rice, (iii) the total subsidy paid to any one Society on this account should not exceed Rs. 10,000 in all.

(iii) The Co-operative institutions will be eligible to a subsidy of half the increased establishment charges on the staff specially employed for this purpose or Rs. 500 whichever is lower and the total cost should not be more than Rs. 25,000 in all on Government account for this year.

(iv) The officers of the Revenue, Co-operation and other departments should give necessary facilities in respect of transport, godowns required for stocking purposes and other requirements of the Co-operative institutions.

(v) The Co-operative institutions should purchase paddy or rice from actual growers or through Member Societies up to 15th April 1964 and the purchase should be made very carefully and at a rate not exceeding the rate prevalent on the date of purchase in the nearest regulated market. The Society should make purchases only within its jurisdiction and area of operation.

(vi) The Registrar of Co-operative Societies should keep a watch and persuade the Societies to hold sufficient stocks in order to maintain the price line.

(vii) The purchase made by the Co-operatives should be sold to Consumers Co-operative Stores as far as possible.

(viii) A price fluctuation fund should be formed with Government contribution of Rs. 5 lakhs during the current year in a Special Account to be opened in the Apex Bank for this purpose and the society should subscribe during the last season at the rate of 20 nP. per palla of the total purchase of paddy or 40 nP. per palla of rice made. They should credit the amount at the said rate in the District Co-operative Central Banks of their respective District to the said Account. A similar contribution should be made out of the profits to be earned during this season also. The Registrar of Co-operative Societies should issue appropriate instructions to the Co-operative Societies and also submit urgently to Government draft rules with regard to the operation of the price fluctuation fund. Government contribution has to be debited under "34—Co-operation-C Grants-in-aid—9. *Contribution to Price Fluctuation Fund* (Paddy)" (to be opened in Accounts).

3. The special share capital contribution of Rs. 5 lakhs should be debited to the head of account "96 Capital Outlay on Industrial Development—b. Investments in other Commercial concerns—A. Normal—7. Share capital contribution to Co-operative marketing Societies for purchase of paddy".

4. The subsidy payable to Co-operative Societies shall be debited to the head of account "34—Co-operation—C. Grant-in-aid—8 Grant-in-aid to Co-operative Marketing Societies", under which a provision of Rs. 25,000 exists.

5. The Registrar of Co-operatives Societies is authorised to draw the share capital amount on A. C. Bills, disburse it before the 31st March 1964, and render account to the Accountant General, Mysore, Bangalore, before the 15th of April 1964.

6. The Societies which have received share capital contribution from Government during last season and which have not started work of paddy purchase should be asked to refund the amount with interest in case they do not make purchase during this year also.

7. Since share capital is intended for purchase of paddy, the Registrar should send a scheme to Government for retirement of share capital over a definite period.

8. The items constitute "New Scheme" and an advance of Rs. 5 lakhs each will be sanctioned from the Contingency Fund under '34—Co-operation' and '96—Capital Outlay on Industrial Development' separately.

By Order and in the name of the Governor of Mysore,

M. VASUDEVA RAO,

Secy. to Govt., Devt. P. R. & Co-oprn. D.

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